



## **THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND**

Annual Report and Consolidated Financial Statements  
For the year ended 31 December 2019

### **Mission Statement**

“To connect people with nature  
and safeguard threatened species.”

Registered Charity SC004064

# THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

## Company Information

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# THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

## Company Information

### Royal Patron

HRH The Princess Royal

### President

Ian Marchant

### Board of Trustees

Jeremy Peat OBE, BA, MSc, FRSE

George Brechin OBE, BSc, CIHM  $\Omega$

Dr Thomas Mitchell CA, OStJ  $\Omega$

Sandy Batho MA, FCIPD<sup>^</sup>

Lynne Bell FCCA

Dr Karen Blackport BSc, PhD, MBA

Professor Mary Bownes OBE, DPhil, CBiol, FRSB, FRES, FRSE

Peter Budd CBE, BSc, CEng, FICE, MI Struct E, FCIQB, FRSE

Kerry Falconer FIOBS, MBA

John Fitzgerald BSc (Hons), FCIPD<sup>^</sup>

Dr Deborah Long BA (Hons), PhD, FRSGS

Karen MacEachern BSc, BVMS, PhD, Cert EM, MRCWS

Professor Alan Miller BSc, PhD, CPhys, FRSE, FIEEE, FOSA, FInstP  $\Omega$

Dr Richard Rutnagur BA (Oxon), PhD

Professor Roger Wheeler OBE, FRSE<sup>^</sup>

Chair

Vice Chair

Honorary Treasurer & Chair of Audit and Risk Management Committee

Chair of Nomination and Remuneration Committee

Co-opted May 2019

### Chief Executive

Barbara Smith BSc (Hons), FIOD

Dr Charlotte MacDonald PhD

James Stewart BSc CA MBA

David Field BSc MBA

Resigned 31 January 2020

Appointed Interim CEO 1 February, Resigned 10 April 2020

Appointed Interim CEO 11 April, Resigned 31 May 2020

Appointed CEO 1 June 2020

### Independent Committee appointments

Neil Dunn

Independent member of the Audit and Risk Management Committee

Laura Lawson

Independent member of the Audit and Risk Management Committee

$\Omega$  member of the Audit & Risk Management Committee during the year

<sup>^</sup> member of the Nomination and Remuneration Committee during the year

\* member of the Scientific Advisory Committee during the year

Company Information

**Head office**

Edinburgh Zoo  
134 Corstorphine Road  
Edinburgh  
EH12 6TS

**Registered charity number:**

SC004064

**Principal advisors**

**External auditors**

MHA Henderson Loggie  
11 – 15 Thistle Street  
Edinburgh  
EH2 1DF

**Internal auditors**

Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

**Principal bankers**

Bank of Scotland  
300 Lawnmarket  
Edinburgh  
EH1 2PH

**Investment advisors**

Adam and Company Limited  
25 St Andrew Square  
Edinburgh  
EH2 1AF

**Principal solicitors**

Anderson Strathern  
1 Rutland Court  
Edinburgh  
EH3 8EY

# THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

## Trustees' annual report

### Structure, governance and management

#### Legal structure

The Royal Zoological Society of Scotland (the Society) was founded in 1909, instituted by Royal Charter in 1913, and in 1948 was granted by His Majesty King George VI the privilege of adding the prefix "Royal" to its name. Amendments to the Society's Charter and Statutes were approved by Her Majesty Queen Elizabeth II and the Privy Council in 1958, 1961, 1975, 2008 and 2015.

The Society is registered as a charity with the Office of the Scottish Charity Regulator, registration number SC004064.

#### Governance

The governance of the Society is vested in its Trustees and Management. Trustees undertake their duties on an unpaid voluntary basis. The management team are paid employees of the Society.

#### President

The President is appointed by the Board principally to act as an ambassador for the Society. The President is not a member of the Board, is not a trustee and receives no remuneration.

#### Board Members

Members of the Society's governing Board are the Trustees of the Society within the meaning of s106 of the Charity and Trustee Investment (Scotland) Act 2005 (the Act). The Board's role is to oversee the proper management and development of the Society according to its aims and objectives, to ensure that the Society complies with prevailing legislation and regulations, and to make decisions on the key matters facing the Society. The Board met formally eight times during the year.

The Board consists of up to twelve members elected at Annual General Meetings and up to a further three members co-opted by the Board on the recommendation of the Nominations Committee to complement the skills of elected Board members. Immediately after the Annual General Meeting each year the Board appoints a Chairman and Vice-Chairman from its number.

Elected Board Members are appointed for a term of four years, are eligible for a further two terms of four years and, on the recommendation of the Nominations Committee, may be eligible for one further four year term. No Board Member can serve for longer than 16 years in total.

If an elected member is, for whatever reason, unable to complete his/her term of appointment the Board may, on the recommendation of the Nominations Committee, co-opt a Member of the Society to fill the vacancy until the end of the term.

Board members co-opted on the basis of their skills, may be co-opted for up to four years.

#### Principal Committees

The Audit & Risk Management Committee, which met four times in the year, comprises one Board member as Chairman, two other members of the Board and at least one independent member. Its remit includes, but is not limited to:

- conducting the appointment and management of auditors and investment managers;
- reviewing the financial statements and recommending them to the Board for approval;
- monitoring implementation of recommendations in audit reports; and
- risk management, audit and investment policy and procedures

The Nominations and Remunerations Committee comprises one Board member as Chairman and two additional Board members. Its remit includes responsibility for identifying and recommending suitable individuals for election as trustees and supporting the Society's Chairman in reviewing board performance. It met three times during the year.

# THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

## Trustees' annual report

### Trustee Recruitment and Induction

In line with good governance the Board seeks to maintain a balanced mix of knowledge, skills and expertise so as to manage the assets of the Society effectively. The Nominations Committee recommends potential candidates to the Board for co-option, having first met them and understood their potential contribution, and oversees the AGM nominations and election process.

Once elected or co-opted new Board members meet with the Chief Executive and Chairman, and participate in a formal induction programme. This programme includes, among other things:

- a briefing on the Society's strategic plans;
- a briefing on their responsibilities as trustees and the governance of the Society;
- detailed briefings from each member of the Leadership Team;
- précis of relevant policies; and
- familiarisation tours of Edinburgh Zoo and Highland Wildlife Park.

Trustees are encouraged to attend external briefing events, seminars and meetings in support of the Society from time to time as they are able. Contact between Leadership Team and the Board is encouraged through Leadership Team attendance at sub-Committee meetings, trustee participation in working groups and informal meetings.

### Executive Team

The Executive Team is responsible for designing policies and procedures to support the strategies authorised by the Board, as well as managing the day-to-day operations of the Society and its trading subsidiary.

The Executive Team comprises the Chief Executive, Director of Finance and Resources, Director of Engagement, Director of Conservation and Living Collections and Director of Human Resources

### Risk management

The Society's risk register is reviewed at each meeting of the Audit & Risk Management Committee and by the Board bi-annually, or as high priority risks emerge. The Board has conducted its annual review of the major risks to which the Society is exposed and associated actions, procedures and contingency plans to mitigate those risks and is satisfied with the management of those risks.

On 23 March 2020, government restrictions due to the Coronavirus pandemic resulted in the closure of both Edinburgh Zoo and the Highland Wildlife Park. Both parks reopened to the public on 29 June under strict conditions to ensure that visitors, staff and suppliers are safe. These include only selling tickets online, limiting the total number of visitors in a day and providing limited catering. Although the virus infection rate is currently considered to be under control, we are advised that a second wave of infections from the virus and a further period of lockdown cannot be ruled out. The Society therefore faces a material risk that income and cash flow in 2020 will continue to be adversely impacted. The Trustees have sought to mitigate the impact of this risk by establishing a Finance Committee to address the immediate actions required to protect the Society including: implementing the Coronavirus Job Retention Scheme and other HM Government support measures, accessing additional loan funding to support cash flow, launching a series of successful fundraising campaigns, managing debtors and creditors and reducing costs and commitments, and scrutinising financial forecasts on its behalf. A Strategy Advisory Group has been established to support the Executive to review the Society's strategy and to reshape the organisation going forward.

### Internal audit

The Society's Internal Audit function provides assurance to the Audit and Risk Management Committee over the operations of the Society's systems of governance, risk management and internal control.

Delivery of internal audit is outsourced to Wylie and Bisset LLP, who were appointed in November 2018 following a competitive tender.

### Remuneration of key management

The Society's Nominations and Remuneration Committee sets the pay level of the Chief Executive on an annual basis on the basis of performance and relevant sector benchmarking.

## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Trustees' annual report

## Objectives and activities

### Charitable objectives

The charitable objects (Objects) of the Society are set out in the Royal Charter. These are:

- the advancement of animal welfare by promoting the conservation of threatened species and habitats; and
- the advancement of education through the above mentioned object and by promoting, facilitating and encouraging the study of zoology, animal physiology, pathology, dietetics and kindred subjects and to foster and develop among the wider public an interest in and knowledge of animal life.
- In the furtherance of the above mentioned objects, the Society can carry out the following:
  - (a) investigate the habits, migrations and life histories of animals now or formerly occurring in Scotland and in Scottish seas and to disseminate knowledge thereof;
  - (b) effect the conservation of wild animals and their habitats in Scotland, and to promote legislation thereof; and if deemed necessary to oppose legislation tending to have adverse influence thereon;
  - (c) establish, equip, carry on and develop zoological parks or gardens and living zoological collections at such places in Scotland as the Society shall determine;
  - (d) take part in conservation and research fieldwork and related activities in other countries and where appropriate for conservation purposes collect samples of animals and plants for return to the Society;
  - (e) at such times and places as the Society may deem expedient, establish, equip, provide and maintain an animal hospital, a museum or museums, a library or libraries, a laboratory or laboratories to assist the study of zoology and kindred subjects; and lecture rooms and institute lectures and demonstrations;
  - (f) create, offer, promote and award honours, medals and certificates for services rendered to the science of zoology, or to the objects and work of the Society and to institute Fellowships;
  - (g) promote by such means as the Society may deem expedient a knowledge of animal life and habits among the pupils and students of schools and educational institutions; and
  - (h) commission, produce, distribute, publish and pay the cost of publishing books, pamphlets, and other literature which the Society may regard as tending to further its objects or as being of service to the science of zoology and to contribute to and promote such literature.”.

The Society interprets these detailed objectives as being the promotion and pursuit of Conservation, Education and Research in the sphere of Animal and Zoological Science.

### Principal objectives for the year

The objectives in 2019 were:

- achieving targeted levels of visitor numbers;
- keeping costs under control, focusing on revenue-generating activities and targeting a sustainable surplus position;
- enhancing the visitor experience by refocusing the Animal Collection and resource inputs to the improvement of the Estate;
- seeking funding and working in partnership to further enhance our research and conservation programmes and improve our facilities;
- Continuing to fulfil our mission objectives.

### Significant activities

The principal activities of the Society are the pursuit of Conservation, Education and Research activities funded through grants and the surpluses generated from operating the two animal parks in Edinburgh and Kincaid.

The Society owns and operates Edinburgh Zoo and the Highland Wildlife Park. The commercial activities of the Society are carried on by its wholly-owned subsidiary, Ark Enterprises Limited (Ark). Taxable profits generated by Ark are donated to the Society under Gift Aid legislation. The results of Ark are consolidated into the financial statements on pages 16 to 39.

## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Trustees' annual report

## Achievements and performance

### Membership

The total number of members of the Society increased by 5% during the year. This increased engagement has been driven by focusing on membership recruitment, retention and reactivation, with more than two thousand members re-joining the Society.

### Volunteers

The Society benefits significantly from the active support of volunteers both at Edinburgh Zoo and the Highland Wildlife Park. The Society is indebted to the work and dedication of our volunteers and we thank them for all that they do. Without their time, effort and unfaltering commitment to our cause we simply could not deliver the levels of informal public engagement with visitors throughout the year.

Department	Number of Volunteers
Edinburgh Zoo	118
Highland Wildlife Park	14

Volunteers undertake a wide range of activities which include: supporting staff; visitor engagement; acting as animal wardens; production of membership packs; and general administration. Volunteers are required to attend training and are subject to appropriate oversight to ensure they remain safe and follow the policies and procedures of the Society.

### Visitors

Edinburgh Zoo welcomed 529,000 visitors in 2019, an increase of 4% on 2018. This increase can be attributed to a Brick Live Oceans event over the summer and the opening of the new panda enclosure. At the Highland Wildlife Park the number of visitors was 142,000. This was the second busiest year on record, behind 2018, when Hamish, the polar bear cub was born. In addition Edinburgh Zoo continued to host a lantern Festivals over the winter months which attracted 72,000 visitors between November 2018 and February 2019 and 61,000 between November 2019 and January 2020.

## Conservation, engagement and research

### Native Species

Our work with Scottish Wildcat Action has been very successful with RZSS continuing to play a leading role in the captive breeding for release aspect of the project and the genetic management of this species. As a result of this success we gained a large grant from the EULife programme to lead wildcat conservation in Scotland for the next six years. As one of the lead partners in Scottish Beavers, further beavers were released to Knapdale and we were also awarded the RSBP Species Champion Award for our ten years of conservation action on this species with the Scottish Wildlife Trust. We also undertook critically important work for the captive breeding of pine hoverfly and created a biodiversity action plan for the species that live in the wild onsite at the Highland Wildlife Park.

### International and overseas territories

The Budongo Conservation Field Station in Uganda carried on providing protection and monitoring of the chimpanzee population and the Budongo Forest as well as supporting local communities through community education and health programmes and hosting local students. The Giant Armadillo and Giant Anteater Project had another successful year protecting and monitoring these species in the Pantanal and producing important scientific literature in support of the conservation of these species. We prepared to send our vet to Gough Island to assist the RSPB with captive holding of Gough island moorhen and bunting. We supported work on the rare amphibians of Cameroon and established a new conservation partnership with the Giraffe Conservation Foundation. We co-produced the first global conservation review of Pallas's cat.



# THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

## Trustees' annual report

### WildGenes

The WildGenes lab remains one of the top labs in Europe using genetic data to inform conservation management policies. Our wildcat genetic work was published and shortlisted for the RSPB Conservation Science Award. We also published on the sandcat, scimitar-horned oryx and the African elephant. We are leading the development of wildlife biobanking both in the UK and for the Zoo community through the EAZA biobanking and CRYOARKS projects. Work continued on the genetic monitoring of the reintroduction of the Scimitar-Horned oryx to Chad, the largest large mammal reintroduction in the world. The lab also continued to work with DEFRA, FFI and the University of Phnom Penh on the development of the genetic monitoring of the ivory trade in Cambodia.

### Engagement

The Discovery and Learning team continued to develop their engagement practices delivering strong links to our conservation work. At both parks there has been a focus upon increasing visitor awareness of our conservation work through onsite interpretation. Our formal education programmes at Edinburgh Zoo and the Highland Wildlife Park was delivered to more than 27,000 individuals from nursery children right through to adults in our tertiary programme. A further 15,000 individuals benefited from our community outreach work which included working with community groups and after school clubs, hosting dementia socials and providing family and inmate outreach at local prisons. Developments within the school education programme concentrated on establishing unique experiences for all learnings and embracing new technologies and practices.

### Research

RZSS continued to play a lead role in both conducting and facilitating scientific research. The conservation and veterinary team authored 17 peer-reviewed scientific articles including the first ever review of the disease risk assessment of beaver reintroductions. Two PhD student funded by RZSS graduated successfully (on African elephant and Himalayan wolf genetics). RZSS continued to play a key role in facilitating world ranking primatology research through its management of the Living Links facility and, in 2019, opened the Budongo Research Unit (BRU), led by the University of St Andrews in partnership with RZSS Edinburgh Zoo

### Animal Collection

RZSS has its own a collection planning process for each of its parks, which is strongly influenced by the European Association of Zoos and Aquariums' (EAZA) regional collection plans, but also takes into consideration our own mission, aims, geography, facilities, expertise, history and budget.

Over the past 12 months there have been 75 births at Edinburgh Zoo and 54 at the Highland Wildlife Park. The most memorable being the lion cubs, red panda, koala joey, western chimpanzee and snow leopard. Meanwhile, our ongoing success breeding partula snails for reintroduction to Tahiti and completing the first lifecycle for pine hoverflies reminds us of the importance of the work with do with the endangered species we house in our collections.

# THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

## Trustees' annual report

### Financial review

#### Trading performance

Visitors to Edinburgh Zoo increased by 4% in 2019 (including visitors to our summer Brick Live Oceans event and the new panda enclosure) generating £100k in additional admissions income. However the exceptional visitor numbers at the Highland Wildlife Park in 2018, as a result of the emergence of our polar bear cub, levelled off and admissions income at the park reduced by £800k.

A change in the contractual arrangements for catering at Edinburgh Zoo increased both catering turnover and costs.

Investment income benefitted from an increase in the rental paid by the Holiday Inn following a rent review.

Membership numbers and income continue to grow following a series of successful campaigns.

Income from institutional donors, trusts, foundations, private individuals and agencies were an important source of income in 2019 providing funding for continued investment in our estate including a new giraffe enclosure and our conservation work including wildcats.

Costs in 2019 have been tightly controlled however increases occurred due to the change in the contractual arrangements for catering at Edinburgh Zoo, costs associated with the Brick Live Oceans event and in conservation and science.

The investment portfolio performed well in 2019, showing a realised and unrealised gain of £588k. Though the portfolio was reduced in value by around a third due to the COVID-19 market impact, by the date of signing of these accounts, the valuation of the portfolio had largely recovered to its pre-COVID-19 position.

Overall the Society achieved a net surplus of £3.0m in 2019 (2018 surplus £0.6m). The net movement in funds for the year was a surplus of £5.4m (2018 surplus £0.7m) after taking account of an investment gain of £2.45m following the revaluation of the land at 132 Corstorphine Road and movement in the valuation of the pension fund.

#### Pension Scheme

The Society operates two pension schemes: a defined benefit scheme which closed to future accrual with effect from 1 October 2008 and a defined contribution scheme established on 1 April 2008.

The financial results for the year reflect the results of the full actuarial valuation of the Society's defined benefit pension scheme at 1 April 2018, updated as at 31 December 2019 in accordance with the requirements of Financial Reporting Standard 102. The pension deficit is £325,000 at 31 December 2019 (2018: £454,800). This decrease in deficit is due to the combined impact of the funding position, discount rates and market conditions; all external factors.

Members of the defined benefit scheme were offered membership of a new defined contribution scheme with effect from 1 October 2008. All core staff have been and continue to be offered the option to join the Society's defined contribution scheme. In April 2019 the minimum employee contribution increased from 2.5% to 4% of pensionable salary and the Society matches contributions to a maximum of 5%.

#### Principal income movements (£m)

Income 2018	£18.3
Visitors	-£0.7
Trading (retail/catering)	+£0.6
Investments	+£0.2
Membership	+£0.1
Grants, donations and legacies	+£2.5
Income 2019	£21.0

#### Principal expense movements (£m)

Expenditure 2018	£17.5
Trading (retail/catering)	+£0.6
Conservation	+£0.2
Events	+£0.3
Expenditure 2019	£18.6

# THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

## Trustees' annual report

### Reserves Policy

The Board has established a reserves policy whereby free reserves should approximate to at least 3 months of the minimum resources required to sustain operations. This policy equates to approximately £2.7m. At this level the Board considers that it would be able to continue the current activities of the Society in the event of a significant drop in funding.

The Society's free reserves (excluding pension liabilities) are £1.8m (2018: £2.3m). Free reserves reduced in 2019 as a result of continued investment in the estate at Edinburgh Zoo. Since the balance sheet date, the Coronavirus pandemic has significantly depleted the charity's free reserves. The Board is committed to rebuilding the charity's reserves in future wherever able.

### Going Concern

The coronavirus pandemic has had a material impact upon the Society's operations and financial position. The trustees have considered very carefully the financial resilience of the Society over the next 12 months and considered carefully the most likely outcome, taking into account:

- projected cash flows for 2020 and 2021 taking account of a large number of factors and reasonableness of the assumptions therein;
- trading to date in 2020;
- the receipt of a Coronavirus Business Interruption loan of £5m (repayable over 6 years) and a Third Sector Resilience Fund Loan of £160k (repayable over 5 years);
- the reopening of the Edinburgh Zoo and the Highland Wildlife Park to the public on 29 June 2020;
- a series of successful fundraising campaigns during closure which have raised more than £450k;
- the receipt of grant income of £100k to support operations during the crisis;
- support from HM Government including the Coronavirus Job Retention Scheme and deferral of VAT, Social Security and National Insurance payments;
- the rescheduling of payments to the China Wildlife Conservation Association under the Giant Panda protection funding agreement;
- the rescheduling of payments under the defined benefit pension recovery plan.

Taking all of the foregoing into account, the trustees have formed the view that the Society remains a Going Concern and has adequate funds in place to sustain its on-going operations.

### Investment powers and policy

Under the terms of the Royal Charter, the Society has powers to invest. The trustees, having regard to the liquidity requirements of the Society and its reserves policy, hold a range of investments in order to secure a better rate of return than bank deposits.

Our investments are managed by the Society's investment managers Adam and Company. Trustees are mindful that certain investments bear a higher risk than others and have issued the Investment Manager with instructions to pay particular attention to the risk and volatility of the Society's portfolio relative to current market conditions. The Audit and Risk Management Committee receive regular reports and are satisfied with the performance of the portfolio during 2019 taking into account the general performance of the market.

During 2019 the portfolio decreased in value by 2% to £3.4 million. However this reduction in value included the disposal of £500k of investments in order to generate funds for enhancement of the estate at Edinburgh Zoo. The remaining assets increased in value by £588k.

### Taxation

The Society is recognised as a charity by HM Revenue and Customs for the purposes of the Corporation Tax Act 2000 part II and is exempt from income and corporation tax on all of its charitable activities. Consequently, no tax is payable on the surplus for the year.

The Society's wholly owned subsidiary, Ark Enterprises Limited, is not exempt from corporation tax. However Ark Enterprises limited gifted its net distributable taxable profits to the Society in 2017 and 2018. These represent qualifying donations under s191 to s202 of the Corporation Tax Act 2010. Consequently Ark has a small liability to corporation tax of £18,920 in 2019 (2018: £nil).

## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Trustees' annual report

#### Auditors

MHA Henderson Loggie were re-appointed as the society's external auditors at the AGM in May 2019. The work carried out by the auditors does not involve consideration of the publication of our financial results on the Society website.

#### Plans for the future

In May 2017 the Board of Trustees approved a new five year Strategy Plan (2018 – 2022).

There are six strategic goals:

- **Our animals:** Providing exemplary animal care within an engaging, diverse and mission focused collection
- **Our people:** Realising the aspirations of our staff, volunteers and other stakeholders as part of one RZSS team
- **Conservation:** Applying our collective expertise to species restoration both in Scotland and around the world
- **Engagement:** Moving people from empathy to action through innovative conservation education and memorable experiences
- **Research:** Enabling evidence-based conservation activity through research and partnerships
- **Sustainable growth:** Growing a sustainable and diverse business, built from two world-class visitor attractions

We noted on page 6 the formation of a Finance Committee and a Strategy Advisory Group due to the impact the Coronavirus pandemic has had, and will continue to have, on the Society's operations and financial position. These groups are working to help trustees continue to deliver our six strategic goals.

## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Trustees' annual report

#### Statement of Trustees' responsibilities

The Law Reform (Miscellaneous Provisions) (Scotland) Act 1990, the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 require the trustees to ensure that accounts are prepared for each financial year which give a true and fair view of the affairs of the Society for that period. In preparing these accounts the Board are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Society will continue in operation;
- Ensure that proper accounting records are kept;
- Take adequate steps to safeguard the assets of the Society; and
- Take reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with charities legislation, as a Board of Trustees, we confirm that:

- As a Board of Trustees we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information; and
- So far as we are aware, there is no relevant audit information of which the Society's auditors are unaware.

***Jeremy Peat***

Chair

On behalf of the Board of Trustees

9 July 2020

## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Independent Auditor's Report for the Members of the Royal Zoological Society of Scotland For the year ended 31 December 2019

#### Opinion

We have audited the financial statements of The Royal Zoological Society of Scotland (the 'charity') for the year ended 31 December 2019 which comprise the group and parent charity Statements of Financial Activities, the group and parent Balance Sheets, the group and parent charity Cashflow Statements and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charity's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We draw attention to note 1 in the financial statements, which describes the Trustees' assessment of the current and future effects of the Covid-19 pandemic on the charity and the implications for its ability to continue as a going concern and the steps the Trustees are taking to mitigate the risk including opening Edinburgh Zoo and the Highland Wildlife Park under strict conditions to ensure social distancing can be maintained and taking advantage of reliefs made available by HM Government. These conditions, along with other matters set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other information

The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Independent Auditor's Report for the Members of the Royal Zoological Society of Scotland For the year ended 31 December 2019

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' responsibilities the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to cease operations or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Independent Auditor's Report for the Members of the Royal Zoological Society of Scotland For the year ended 31 December 2019

This report is made solely to the trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its members as a body for our audit work, for this report, or for the opinions we have formed.

#### ***MHA Henderson Loggie***

#### **Chartered Accountants and Statutory Auditor**

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

11 – 15 Thistle Street,

Edinburgh

EH2 1DF

4 August 2020

MHA Henderson Loggie is a trading name of Henderson Loggie LLP



## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Consolidated Statement of Financial Activities

For the year ended 31 December 2019

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>						
Donations and legacies	2	623,895	1,795,308	-	2,419,203	837,378
Charitable activities	3	10,006,923	34,125	-	10,041,048	10,786,703
Other trading activities	4	6,302,693	-	-	6,302,693	5,679,269
Investments	5	627,889	-	10,240	638,129	438,711
Other	6	36,087	1,526,972	-	1,563,059	601,251
<b>Total income and endowments</b>		<b>17,597,487</b>	<b>3,356,405</b>	<b>10,240</b>	<b>20,964,132</b>	<b>18,343,312</b>
<b>Expenditure on:</b>						
Raising funds	7	5,059,184	-	2,699	5,061,883	4,448,260
Charitable activities	8	12,882,790	635,187	-	13,517,976	13,063,107
<b>Total expenditure</b>		<b>17,941,974</b>	<b>635,187</b>	<b>2,699</b>	<b>18,579,859</b>	<b>17,511,367</b>
Gross transfers between funds	21,22	10,240	-	(10,240)	-	-
Gains/(losses) on investment assets	15,22	504,179	-	84,097	588,276	(208,430)
<b>Net income/expenditure</b>		<b>169,932</b>	<b>2,721,218</b>	<b>81,398</b>	<b>2,972,549</b>	<b>623,515</b>
<b>Other recognised gains/losses</b>						
Gains/(losses) on investment property	14	2,450,000	-	-	2,450,000	-
Actuarial gains/(losses) on defined benefit pension scheme	27	(49,800)	-	-	(49,800)	67,000
Other gains/(losses)		-	-	-	-	-
<b>Net movement in funds</b>		<b>2,570,132</b>	<b>2,721,218</b>	<b>81,398</b>	<b>5,372,749</b>	<b>690,515</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 January 2019	20-22	14,151,697	3,880,164	412,776	18,444,637	17,754,122
<b>Total funds carried forward at 31 December 2019</b>	20-22	<b>16,721,829</b>	<b>6,601,383</b>	<b>494,174</b>	<b>23,817,386</b>	<b>18,444,637</b>

None of the Society's activities were acquired or discontinued during the above two financial years.

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Statement of Financial Activities  
For the year ended 31 December 2019

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>						
Donations and legacies	2	623,895	1,795,308	-	2,419,203	837,378
Charitable activities	3	10,006,923	34,125	-	10,041,048	10,786,703
Other trading activities	4	1,412,939	-	-	1,412,939	1,430,152
Investments	5	1,587,949	-	10,240	1,598,189	1,329,228
Other	6	286,961	1,526,972	-	1,813,933	892,520
<b>Total income and endowment</b>		<b>13,918,667</b>	<b>3,356,405</b>	<b>10,240</b>	<b>17,285,312</b>	<b>15,275,981</b>
<b>Expenditure on:</b>						
Raising funds	7	1,380,363	-	2,699	1,383,062	1,380,929
Charitable activities	8	12,882,790	635,187	-	13,517,976	13,063,107
<b>Total resources expended</b>		<b>14,263,153</b>	<b>635,187</b>	<b>2,699</b>	<b>14,901,038</b>	<b>14,444,036</b>
Gross transfers between funds	20,22	10,240	-	(10,240)	-	-
Gains/(losses) on investment assets	15,22	504,179	-	84,097	588,276	(208,430)
<b>Net income/expenditure</b>		<b>169,934</b>	<b>2,721,218</b>	<b>81,398</b>	<b>2,972,550</b>	<b>623,515</b>
<b>Other recognised gains/losses</b>						
Gains/(losses) on investment property	14	2,450,000	-	-	2,450,000	-
Actuarial gains/(losses) on defined benefit pension scheme	27	(49,800)	-	-	(49,800)	67,000
Other gains/(losses)		-	-	-	-	-
<b>Net movement in funds</b>		<b>2,570,134</b>	<b>2,721,218</b>	<b>81,398</b>	<b>5,372,750</b>	<b>690,515</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 January 2019	20-22	14,150,793	3,880,164	412,776	18,443,733	17,753,218
<b>Total funds carried forward at 31 December 2019</b>	20-22	<b>16,720,926</b>	<b>6,601,383</b>	<b>494,174</b>	<b>23,816,483</b>	<b>18,443,733</b>

None of the Society's activities were acquired or discontinued during the above two financial years.

The notes on pages 20 to 40 form part of these financial statements.

# THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

## Consolidated Balance Sheet As at 31 December 2019

	Notes	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
<b>Fixed assets</b>	14	20,432,004	15,789,585	20,220,114	15,519,556
<b>Investments</b>	15	3,402,658	3,333,670	3,402,660	3,333,672
<b>Current assets</b>					
Stocks	16	429,480	321,141	105,724	88,608
Debtors	17	1,470,825	1,257,869	2,147,707	1,813,389
Cash at bank and in hand		1,065,716	1,106,804	742,784	956,355
		<u>2,966,021</u>	<u>2,685,814</u>	<u>2,996,215</u>	<u>2,858,352</u>
<b>Creditors: amounts falling due within one year</b>	18	(2,545,576)	(2,594,227)	(2,402,184)	(2,497,642)
<b>Net current assets / (liabilities)</b>		<u>420,445</u>	<u>91,587</u>	<u>594,031</u>	<u>360,710</u>
<b>Total assets less current liabilities</b>		<u>24,255,107</u>	<u>19,214,842</u>	<u>24,216,805</u>	<u>19,213,938</u>
<b>Creditors: amounts falling due after one year</b>	19	(75,322)	(315,405)	(75,322)	(315,405)
<b>Provision for other liabilities</b>		(37,399)	0	0	0
<b>Defined benefit pension scheme liability</b>	27	(325,000)	(454,800)	(325,000)	(454,800)
<b>Net assets</b>		<u>23,817,386</u>	<u>18,444,637</u>	<u>23,816,483</u>	<u>18,443,733</u>
<b>Funds</b>					
Unrestricted reserves	20				
General reserve		8,446,829	8,456,497	8,445,926	8,455,593
Revaluation reserve		8,600,000	6,150,000	8,600,000	6,150,000
Pension reserve	27	(325,000)	(454,800)	(325,000)	(454,800)
Total unrestricted reserves		<u>16,721,829</u>	<u>14,151,697</u>	<u>16,720,926</u>	<u>14,150,793</u>
Restricted funds	21	6,601,383	3,880,164	6,601,383	3,880,164
Endowment funds	22	494,174	412,776	494,174	412,776
		<u>23,817,386</u>	<u>18,444,637</u>	<u>23,816,483</u>	<u>18,443,733</u>

The financial statements were approved and authorised for issue by the Board on 9 July 2020

**Dr Thomas Mitchell**

On behalf of the Board of Trustees

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Cash Flow Statements  
For the year ended 31 December 2019

Group	Notes	2019 £	2019 £	2018 £	2018 £
<b>Net cash inflow from operating activities</b>	24		2,566,330		1,497,146
<b>Investing activities</b>					
Payments to acquire investments		(293,946)		(251,151)	
Payments to acquire tangible fixed assets		(3,517,413)		(1,763,298)	
Proceeds from disposal of investments		861,998		262,838	
Proceeds from disposal of tangible fixed assets		400		400	
Investment income		638,129		438,711	
			(2,310,832)		(1,312,500)
<b>Financing activities</b>					
Bank loans repaid		(222,925)		(215,019)	
Finance leases repaid		(7,437)		(4,052)	
Interest paid		(17,464)		(23,884)	
			(247,825)		(242,955)
<b>(Decrease)/Increase in cash</b>	26		<u>7,674</u>		<u>(58,309)</u>

Charity	Notes	2019 £	2019 £	2018 £	2018 £
<b>Net cash inflow from operating activities</b>	24		1,429,443		711,065
<b>Investing activities</b>					
Payments to acquire investments		(293,946)		(251,151)	
Payments to acquire tangible fixed assets		(3,513,066)		(1,751,403)	
Proceeds from disposal of investments		861,998		262,838	
Proceeds from disposal of tangible fixed assets		400		400	
Investment income		1,598,189		1,329,228	
			(1,346,425)		(410,088)
<b>Financing activities</b>					
Bank loans repaid		(222,925)		(215,019)	
Finance leases repaid		(7,437)		(4,052)	
Interest paid		(17,464)		(23,884)	
			(247,825)		(242,955)
<b>(Decrease)/Increase in cash</b>	26		<u>(164,807)</u>		<u>58,022</u>

The notes on pages 20 to 40 form part of these financial statements.

## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Notes to the Consolidated Financial Statements For the year ended 31 December 2019

## 1 Principal accounting policies

### Basis of preparation

The financial statements have been prepared under the historical cost convention with the exception of revalued investment assets and investment property and are in accordance with applicable accounting standards, including the Statement of Recommended Practice FRS102 (SORP FRS102) "Accounting and reporting by charities" and in accordance with Financial Reporting Standard 102 (FRS102). Under FRS102 the Society is a public Benefit Entity.

The financial statements are presented in sterling (£).

### Going Concern

The financial statements have been prepared on a going concern basis. The Trustees have considered relevant information, including forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the charity's operations. In line with Government guidelines both Edinburgh Zoo and the Highland Wildlife park closed to visitors from 23 March. Both Parks reopened on 29 June under strict conditions including limits on the number of visitors, implementation of social distancing measures, a one way system round the park and certain facilities remaining closed (including indoor enclosures and indoor catering).

In response to the COVID-19 pandemic, the Trustees have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact. In making these assessments the key scenarios and assumptions (including how long the effect of COVID-19 will last) are as follows:

- Both Edinburgh Zoo and the Highland Wildlife Park reopened on 29 June. Visitor numbers are initially limited to less than 10% of capacity to ensure measures to allow social distancing were effective. Thereafter visitor numbers are forecast to increase gradually. Visitor income (from admissions, catering and retail) has been reduced in line with the reduced visitor numbers.
- The organisation has received a Coronavirus Business Interruption Loan of £5m which is repayable over 6 years and a Third Sector Resilience Fund loan of £160,000 repayable over 5 years.
- Grant income of £100k has been received and a series of successful fundraising campaigns have raised more than £450k.
- The 2020 Summer School and the 2020/2021 Lantern Festival have been cancelled.
- More than 50% of staff have been furloughed under the Government Coronavirus Job Retention Scheme.
- Costs have been amended to reflect a freeze on recruitment, a rescheduling of payments under the defined benefit pension recovery plan and a rescheduling of payments to the China Wildlife Conservation Association under the Giant Panda protection funding agreement.

Although the forecast prepared taking accounts of the matters above, support the ability of the charity to be remain a going concern and to be able to trade and meets its debts as they fall due, the full impact of COVID 19, the continued level of government support and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation.

The Trustees have concluded that these circumstances give rise to a material uncertainty however given the result of these assessments including the measures that could be undertaken to mitigate the current adverse impacts, and the current resources available, the Trustees are of the position that they can continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements do not include any adjustment that may arise in the event that the charity is unable to realise its assets and discharge its liabilities in the normal course of business.

# THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

## Notes to the Consolidated Financial Statements For the year ended 31 December 2019

### Consolidation

The accounts consolidate the results and net assets and liabilities of the Society's wholly owned subsidiary company Ark Enterprises Limited. The investment is held at cost.

### Fixed assets

Assets that are considered to have a useful life of over a year are capitalised at cost. Fixed assets are included in the Balance Sheet at cost less depreciation. Capital items (other than computer hardware and software) costing less than £500 are written off to the Statement of Financial Activities (SOFA) in the period of acquisition. Items of computer hardware and software costing less than £250 are written off to the Statement of Financial Activities (SOFA) in the period of acquisition.

Investment property is valued at open market value every five years by an external valuer. The Trustees review this value for reasonableness each year. All surpluses and deficits on valuation are transferred to a revaluation reserve and taken to the SOFA for the year. No depreciation or amortisation is provided in respect of investment properties.

### Depreciation

Depreciation is provided on all fixed assets with the exception of heritable land and investment properties, in the year in which the fixed assets are brought into use. The rates of depreciation are calculated so as to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Property:	Property Improvements	4-10 years
	New Buildings	25 years
Vehicles		4 years
Plant and Machinery		4-10 years
Office Equipment		4 years
Computer Software		3 - 5 years
Computer Hardware		4 years

### Animals

Animals are generally acquired by the Society from other zoological organisations at zero cost or bred in our parks, and a realistic valuation cannot be placed thereon. Many of the animals acquired are held in trust with other zoological societies at zero cost.

### Investments

Investments comprise investments in quoted equity instruments which are measured at fair value. Changes in fair value are recognised in the SOFA in the year in which they arise.

### Stocks

Retail stocks are valued at the lower of cost and estimated selling price less cost to sell. Animal feed is valued at cost.

### Debtors

Short term debtors are measured at transaction price.

### Creditors

Short term creditors are measured at transaction price.

## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Notes to the Consolidated Financial Statements For the year ended 31 December 2019

#### Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Non basic financial instruments include all derivatives such as foreign exchange forward contracts and interest rates swaps. All are recognised on the balance sheet and measured at fair value. This means that at each period end the instrument is revalued and the movement is recognised in the SOFA.

#### Capital grants and donations

Assets funded by restricted reserves are capitalised and the depreciation is recognised as an expense of the restricted reserve.

#### Employees

Short term employee benefits and contributions to defined contribution pension plans are recognised as an expense in the period in which they are incurred.

#### Pensions

##### Defined benefit pension scheme

The Royal Zoological Society of Scotland operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Royal Zoological Society of Scotland.

Pension scheme assets are measured using bid price values at balance sheet date. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on AA-rated corporate bonds with a term and currency equivalent to that of the assets and liabilities of the pension scheme.

The pension scheme deficit is recognised in full. The movement in the scheme deficit is reflected in the SOFA.

##### Defined contribution pension scheme

The Royal Zoological Society of Scotland also operates a pension scheme providing benefits based on contributions. The employer matches contributions with those of employees up to a maximum of 5% of salary. Employer contributions are charged to the SOFA in the period to which they relate.

#### Reserves

The Society has a number of restricted income funds to account for situations where donors require that their donations must be spent on a particular purpose or where funds have been raised for a specific purpose. Any surplus on these restricted income accounts are held as restricted reserves.

The Society has one endowment fund, the J W Gibb Fund, which was established following the receipt of a legacy. The income is for the maintenance and upkeep of animals. This fund is held as an endowment reserve.

## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Notes to the Consolidated Financial Statements For the year ended 31 December 2019

#### Income and endowments

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that confirmation or probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Annual membership subscriptions are recognised in the period to which they relate. Subscriptions received that relate to future periods are treated as deferred income.

Income from investments is recognised in the SOFA in the year in which it is receivable.

The Society leases out part of its land to the east of Edinburgh Zoo. This income is recognised in the SOFA in the year in which it is receivable.

#### Donated goods, facilities and services

Donated services and facilities are recognised as income when the charity has control over the item(s), any conditions attached have been met, the receipt of economic benefit from the use of the item(s) is probable and the economic benefit can be measured reliably. In accordance with Charity SORP (FRS 102), volunteer time is not recognised. Their contribution is however highlighted in the Trustees' Report.

On receipt, donated goods, services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have had to pay to obtain the equivalent economic benefit on the open market. A corresponding amount is also recognised as expenditure in the period of receipt.

#### Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified as either expenditure on raising funds or expenditure on charitable activities. Expenditure on raising funds are the costs incurred in attracting voluntary income, in the catering and retail activities and investment management costs. Expenditure on charitable activities include expenditures incurred on animal welfare, education and conservation activities, the main charitable objectives of the Society.

#### Expenditure allocation

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include the costs of Property and Estates, Finance and IT, Human Resources and Health and Safety. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 9.



## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Notes to the Consolidated Financial Statements For the year ended 31 December 2019

#### Taxation and VAT

The charge for taxation comprises current and deferred tax recognised in the year. Current tax is the amount of tax payable in respect of the taxable profit for the year or the prior year. Deferred tax arises from timing differences that are differences between taxable profits and the profits as stated in the financial statements. Current and deferred tax are calculated on the basis of tax rates and laws that have been enacted by the year end.

The Society is subject to a partial VAT exemption. Accordingly all expenditure is stated inclusive of irrecoverable VAT where applicable.

#### Leasing and hire purchase commitments

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the SOFA in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the SOFA on a straight line basis over the lease term.

#### Foreign Exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denoted in foreign currencies are translated using the contract rate or the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the statement of financial activities.

#### Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Society's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the directors have made the following judgements:

Determine whether leases entered into by the group as a lessor are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.

Fixed assets are also assessed as to whether that are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

The following are the group's key sources of estimation uncertainty:

The value of the deficit in the defined benefit pension fund is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the liabilities, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

**2 Donations and legacies**

Charity and Group	Unrestricted £	Restricted £	Endowment £	2019 £	2018 £
Grants	373,010	1,707,078	-	2,080,088	581,200
Donations	72,764	88,230	-	160,994	137,202
Legacies	178,121	-	-	178,121	118,976
	<u>623,895</u>	<u>1,795,308</u>	<u>-</u>	<u>2,419,203</u>	<u>837,378</u>
Year end 31 December 2018	<u>546,087</u>	<u>291,291</u>	<u>-</u>	<u>837,378</u>	

Income from Grants includes the following Government Grants:

	2019 £	2018 £
Scottish Government	650	20,380
Scottish Enterprise	26,880	14,250
Edinburgh City Council	32,998	32,998
European Commission/Executive Agency for Small and Medium Sized Enterprises	944,141	-
	<u>1,004,669</u>	<u>67,628</u>

**3 Income from charitable activities**

Charity and Group	Unrestricted £	Restricted £	Endowment £	2019 £	2018 £
Admissions - Edinburgh Zoo	5,960,299	-	-	5,960,299	5,863,197
Admissions - Highland Wildlife Park	1,622,551	-	-	1,622,551	2,450,958
Animal adoption	142,084	-	-	142,084	139,934
Membership subscriptions	1,518,369	-	-	1,518,369	1,433,154
Education	290,305	-	-	290,305	255,964
Conservation	246	34,125	-	34,371	24,867
Other income	473,069	-	-	473,069	618,629
	<u>10,006,923</u>	<u>34,125</u>	<u>-</u>	<u>10,041,048</u>	<u>10,786,703</u>
Year end 31 December 2018	<u>10,762,176</u>	<u>24,527</u>	<u>-</u>	<u>10,786,703</u>	

In April 2006 rules regarding the Government's Gift Aid scheme were changed resulting in the Society asking all visitors for a voluntary donation in addition to the standard admission price. This voluntary donation then enabled the Society to reclaim tax directly from the Government on the total paid by the visitor.

**4 Income from other trading activities**

Group	Unrestricted £	Restricted £	Endowment £	2019 £	2018 £
Retail operations - Edinburgh Zoo	1,452,727	-	-	1,452,727	1,462,779
Retail operations - Highland Wildlife Park	337,012	-	-	337,012	500,600
Catering operations - Edinburgh Zoo	2,662,113	-	-	2,662,113	1,756,804
Catering operations - Highland Wildlife Park	437,902	-	-	437,902	528,934
Events	1,125,488	-	-	1,125,488	1,194,106
Other income	287,451	-	-	287,451	236,046
	<u>6,302,693</u>	<u>-</u>	<u>-</u>	<u>6,302,693</u>	<u>5,679,269</u>
Year end 31 December 2018	<u>5,679,269</u>	<u>-</u>	<u>-</u>	<u>5,679,269</u>	
Charity					
Events	1,125,488	-	-	1,125,488	1,194,106
Other income	287,451	-	-	287,451	236,046
	<u>1,412,939</u>	<u>-</u>	<u>-</u>	<u>1,412,939</u>	<u>1,430,152</u>
Year end 31 December 2018	<u>1,430,152</u>	<u>-</u>	<u>-</u>	<u>1,430,152</u>	

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5 Investment income

	Unrestricted	Restricted	Endowment	2019	2018
	£	£	£	£	£
Group					
Rent from land & buildings	560,871	-	-	560,871	355,712
Income from listed investments	66,606	-	10,240	76,846	82,729
Interest	412	-	-	412	270
	<u>627,889</u>	<u>-</u>	<u>10,240</u>	<u>638,129</u>	<u>438,711</u>
Year end 31 December 2018	<u>427,190</u>	<u>-</u>	<u>11,521</u>	<u>438,711</u>	
Charity					
Rent from land & buildings	560,871	-	-	560,871	355,712
Income from listed investments	66,606	-	10,240	76,846	82,729
Interest	412	-	-	412	270
Charitable donation from Ark Enterprises Limited	960,060	-	-	960,060	890,517
	<u>1,587,949</u>	<u>-</u>	<u>10,240</u>	<u>1,598,189</u>	<u>1,329,228</u>
Year end 31 December 2018	<u>1,317,707</u>	<u>-</u>	<u>11,521</u>	<u>1,329,228</u>	

Included within the investment income of the charity is £960,060 (2018: £890,517) donated by the Charity's subsidiary, Ark Enterprises Limited, under the Government's Gift Aid scheme.

6 Other income

	Unrestricted	Restricted	Endowment	2019	2018
	£	£	£	£	£
Group					
Compensation	-	1,526,972	-	1,526,972	575,965
Utility recharge	36,087	-	-	36,087	25,286
	<u>36,087</u>	<u>1,526,972</u>	<u>-</u>	<u>1,563,059</u>	<u>601,251</u>
Year end 31 December 2018	<u>25,286</u>	<u>575,965</u>	<u>-</u>	<u>601,251</u>	
Charity					
Compensation	-	1,526,972	-	1,526,972	575,965
Utility recharge	36,087	-	-	36,087	25,287
Management recharge from subsidiary	250,874	-	-	250,874	291,268
	<u>286,961</u>	<u>1,526,972</u>	<u>-</u>	<u>1,813,933</u>	<u>892,520</u>
Year end 31 December 2018	<u>316,555</u>	<u>575,965</u>	<u>-</u>	<u>892,520</u>	

7 Expenditure on raising funds

	Unrestricted	Restricted	Endowment	2019	2018
	£	£	£	£	£
Group					
Fundraising	308,177	-	-	308,177	267,369
Membership	171,366	-	-	171,366	131,589
Retail operations - Edinburgh Zoo	889,248	-	-	889,248	959,484
Catering operations - Edinburgh Zoo	2,201,582	-	-	2,201,582	1,367,431
Retail operations - Highland Wildlife Park	185,123	-	-	185,123	376,072
Catering operations - Highland Wildlife Park	340,949	-	-	340,949	358,669
Corporation tax	56,319	-	-	56,319	-
Investment management costs	16,580	-	2,699	19,279	21,927
Other costs	5,600	-	-	5,600	5,674
Support costs (Note 9)	884,240	-	-	884,240	960,045
	<u>5,059,184</u>	<u>-</u>	<u>2,699</u>	<u>5,061,883</u>	<u>4,448,260</u>
Year end 31 December 2018	<u>4,444,816</u>	<u>-</u>	<u>3,444</u>	<u>4,448,260</u>	
Charity					
Fundraising	308,177	-	-	308,177	267,369
Membership	171,366	-	-	171,366	131,589
Investment management costs	16,580	-	2,699	19,279	21,926
Other costs	-	-	-	-	-
Support costs (Note 9)	884,240	-	-	884,240	960,045
	<u>1,380,363</u>	<u>-</u>	<u>2,699</u>	<u>1,383,062</u>	<u>1,380,929</u>
Year end 31 December 2018	<u>1,377,485</u>	<u>-</u>	<u>3,444</u>	<u>1,380,929</u>	

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8 Expenditure on charitable activities

Charity and Group	Unrestricted £	Restricted £	2019 £	2018 £
Animal welfare	3,535,154	270,490	3,805,644	3,757,978
Education	397,702	69,522	467,224	546,903
Marketing	467,973	-	467,973	583,621
Visitor Services	1,063,406	31,488	1,094,894	1,097,193
Events	1,329,502	-	1,329,502	1,009,743
Genetics Unit - Edinburgh Zoo	228,665	-	228,665	276,223
Conservation and Science	1,471,577	263,687	1,735,264	1,460,336
Support costs (Note 9)	4,388,811	-	4,388,811	4,331,110
	<u>12,882,790</u>	<u>635,187</u>	<u>13,517,976</u>	<u>13,063,107</u>
Year end 31 December 2018	<u>12,499,064</u>	<u>564,043</u>	<u>13,063,107</u>	

Expenditure on charitable activities includes the following grants:

	Unrestricted £	Restricted £	2019 £	2018 £
Budongo Conservation Field Station	93,909	-	93,909	88,113
Instituto de Pesquisas Ecologicas	101,638	-	101,638	14,162
Giant Armadillo Conservation Program	10,000	-	10,000	15,000
Nordens Ark	-	-	-	17,760
Thomas Docherty Bone	5,000	-	5,000	400
	<u>210,547</u>	<u>-</u>	<u>210,547</u>	<u>135,435</u>

9 Support costs

Charity & Group	Raising funds £	Charitable activities £	2019 £	2018 £
Property, Estates and Works	503,351	2,310,812	2,814,163	2,604,816
Health and safety	9,443	43,350	52,793	73,407
Gardening	-	329,397	329,397	396,729
Chief Executive's Office	94,526	433,956	528,482	531,717
Finance and IT	214,894	986,544	1,201,438	1,184,178
Human Resources	60,237	276,541	336,778	326,308
Net return on pension	1,789	8,211	10,000	174,000
	<u>884,240</u>	<u>4,388,811</u>	<u>5,273,051</u>	<u>5,291,155</u>
Year end 31 December 2018	<u>960,045</u>	<u>4,331,110</u>	<u>5,291,155</u>	

Support costs, with the exception of Gardening costs, are allocated to Raising Funds and Charitable Activities in accordance with the direct expenditure incurred in these areas.

Gardening costs are allocated directly to charitable activities on the basis that these costs are incurred in maintaining the parks, improving the experience of visitors and thus linked to the admission income earned.

Support costs include Governance costs of £174,407 (2018: £158,360).

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**10 Analysis of staff costs**

	2019	2018
	£	£
Wages and salaries	5,805,385	5,734,913
Social security costs	468,503	468,233
Cost of defined contribution pension scheme	204,068	151,599
Cost of defined benefit pension scheme	189,600	189,600
Other benefits	11,518	91,302
	<u>6,679,074</u>	<u>6,635,647</u>

During the year no employees were either made redundant or had their contracts of employment terminated. Redundancy and termination payments of £Nil (2018: £17,174) were paid during the year.

The Society closed the defined benefit scheme to future accrual with effect from 30th September 2008. Employees ceased their contributions from that date although the Society continued to make contributions in line with the schedule of contributions agreed with the pension trustees. Employees were offered membership of the defined contribution scheme with effect from 1 October 2008.

The Society opened a defined contribution pension scheme on 1 April 2008 with the Society matching contribution with those of employees to a maximum of 5% of salary. The assets of the defined pension contribution scheme are administered by an independent pension provider.

The average weekly number of employees during the year was:

	2019	2018
	Number	Number
Full-time	185	193
Part-time	113	130
	<u>298</u>	<u>323</u>

The number of employees earning more that £60,000 were as follows:

	Number	Number
£120,000 - £129,998	1	-
£110,000 - £119,999	-	1
£80,000 - £89,999	1	1
£70,000 - £79,999	1	1
£60,000 - £69,999	-	-

All of the above employees are members of the Society's defined contribution pension scheme. Pension contributions totalling £13,056 (2018: £11,604) were paid in the year.

**11 Benefits received by key management personnel**

Day to day management of activities is delegated by the Trustees to a Executive Team comprising the Chief Executive Officer, Director of Finance and Resources, Director of Conservation and Living Collections and Director of Human Resources. The total employee benefits received by the Executive Team was £374,926 (2018: £373,109). All of these employees are members of the Society's defined contribution pension scheme. Pension contributions for the Executive Team totalled £15,577 (2018: £14,351).

**12 Board of Trustees' remuneration and expenses**

Trustees received no remuneration in respect of their services as trustees in either year.

In accordance with the Society guidelines, Trustees may be reimbursed for properly incurred travel, subsistence and accommodation expenditure. In addition the Society may also pay third parties directly for similar Trustee expenses. During the year a total of £1,365 (2018: £1,393) was reimbursed to 4 Trustees (2018: 5 Trustees) and expenditure of £Nil was paid directly to third party suppliers (2018: £4,637).

During the year Trustees Indemnity insurance was in place for the benefit of the Trustees.

**13 Operating Profit/(Loss)**

Operating profit/(loss) is stated after charging:

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Auditor's remuneration				
Statutory Audit	16,070	14,320	11,700	10,075
Assurance services and other audit	2,550	2,475	2,550	2,475
Tax advisory service	2,320	7,285	1,090	5,855
	<u>20,940</u>	<u>24,080</u>	<u>15,340</u>	<u>18,405</u>

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**14 Fixed assets**

Group	Heritable Land	Investment Property	Property	Assets Under Construction	Computer Hardware	Computer Software	Office Equipment	Plant & Machinery	Vehicles	TOTAL
	£	£	£	£	£	£	£	£	£	£
<b>Cost/Valuation</b>										
As at 1 January 2019	23,500	6,150,000	17,673,988	1,487,351	519,079	462,874	61,823	695,494	488,832	27,562,941
Additions	-	-	19,174	3,458,693	18,239	11,240	-	7,938	2,129	3,517,413
Revaluations	-	2,450,000	-	-	-	-	-	-	-	2,450,000
Transfers	-	-	2,996,660	(3,029,729)	33,069	(912)	912	-	-	(0)
Disposals	-	-	(404,460)	-	-	-	-	-	(4,635)	(409,095)
As at 31 December 2019	23,500	8,600,000	20,285,362	1,916,315	570,387	473,202	62,735	703,432	486,326	33,121,258
<b>Depreciation</b>										
As at 1 January 2019	-	-	9,921,763	-	405,987	386,472	43,857	623,517	391,760	11,773,356
Disposals	-	-	(404,459)	-	-	-	-	-	(4,635)	(409,094)
Charge for the year	-	-	1,142,660	-	84,377	27,638	7,346	32,173	30,798	1,324,992
As at 31 December 2019	-	-	10,659,964	-	490,364	414,110	51,203	655,690	417,923	12,689,254
<b>Net book value</b>										
As at 31 December 2019	23,500	8,600,000	9,625,398	1,916,315	80,023	59,092	11,532	47,742	68,403	20,432,004
As at 31 December 2018	23,500	6,150,000	7,752,225	1,487,351	113,092	76,402	17,966	71,977	97,072	15,789,585

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14 Fixed assets (continued)

Charity	Heritable Land	Investment Property	Property	Assets Under Construction	Computer Hardware	Computer Software	Office Equipment	Plant & Machinery	Vehicles	TOTAL
	£	£	£	£	£	£	£	£	£	£
<b>Cost</b>										
As at 1 January 2019	23,500	6,150,000	17,222,446	1,401,116	519,079	458,242	61,823	643,347	488,832	26,968,385
Additions	-	-	19,174	3,458,693	18,239	11,240	-	3,591	2,129	3,513,066
Revaluation	-	2,450,000	-	-	-	-	-	-	-	2,450,000
Transfers	-	-	2,910,425	(2,943,494)	33,069	-	-	-	-	0
Disposals	-	-	(404,460)	-	-	-	-	-	(4,635)	(409,095)
As at 31 December 2019	23,500	8,600,000	19,747,585	1,916,315	570,387	469,482	61,823	646,938	486,326	32,522,356
<b>Depreciation</b>										
As at 1 January 2019	-	-	9,638,278	-	376,205	412,440	43,857	586,289	391,760	11,448,829
Disposals	-	-	(404,459)	-	-	-	-	-	(4,635)	(409,094)
Charge for the year	-	-	1,086,928	-	84,377	27,638	7,118	25,648	30,798	1,262,507
As at 31 December 2019	-	-	10,320,747	-	460,582	440,078	50,975	611,937	417,923	12,302,242
<b>Net book value</b>										
As at 31 December 2019	23,500	8,600,000	9,426,838	1,916,315	109,805	29,404	10,848	35,001	68,403	20,220,114
As at 31 December 2018	23,500	6,150,000	7,584,168	1,401,116	142,874	45,802	17,966	57,058	97,072	15,519,556

Land and buildings at 132 Corstorphine Road, Edinburgh have been stated at trustees' valuation based on an independent valuation on an existing use basis at open market value of £8,600,000 as at 30 January 2020 by DM Hall, Chartered Surveyors. At 31 December 2019 the historic cost of the investment property was nil.

The net book value of motor vehicles held under finance leases was £29,942 (2017: £42,858). The depreciation charge for the year in relation to these assets held under finance leases amounted to £12,915 (2018: £7,296).

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15 Investments

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Fair value of securities at 1 January 2018	3,247,107	3,467,224	3,247,109	3,467,226
Purchases	293,946	251,151	293,946	251,151
Disposal proceeds	(861,998)	(262,838)	(861,998)	(262,838)
Unrealised gain/(loss)	463,145	(230,405)	463,145	(230,405)
Realised gain/(loss)	125,131	21,975	125,131	21,975
Fair value of securities at 31 December 2018	3,267,331	3,247,107	3,267,333	3,247,109
Cash investments	135,327	86,563	135,327	86,563
Fair value at 31 December 2018	3,402,658	3,333,670	3,402,660	3,333,672
Cost at 31 December 2018	2,396,519	2,567,586	2,396,521	2,567,588

The charity investments include the investment in the subsidiary, Ark Enterprises Ltd and is stated at cost (note 31).

16 Stocks

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Goods for resale	323,754	232,532	-	-
Consumable stores	105,726	88,609	105,724	88,608
	429,480	321,141	105,724	88,608

17 Debtors

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	592,430	164,782	496,909	95,089
Other	292,649	88,637	292,649	88,637
Prepayments & accrued income	585,746	1,004,450	585,746	1,004,450
Amounts owed by group companies	-	-	772,403	625,213
	1,470,825	1,257,869	2,147,707	1,813,389

18 Creditors: Amounts falling due within one year

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	466,661	573,448	448,125	530,099
Social security and other taxes	236,443	192,715	217,523	192,715
Other creditors	46,470	47,226	46,470	47,226
Accruals	679,888	708,446	573,952	655,210
Finance leases (note 19)	7,437	7,437	7,437	7,437
Deferred income	875,444	841,443	875,444	841,443
Bank loan (note 19)	233,233	223,512	233,233	223,512
	2,545,576	2,594,227	2,402,184	2,497,642

Other creditors include outstanding pension contributions of £34,521 (2018: £26,379).

Deferred income includes membership, rental, grants and donation income where the condition for recognition will be met in future periods.

The movement in deferred income is analysed as follows:

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
As at 1 January 2019	841,443	944,559	841,443	944,559
Amounts released from previous years	(355,872)	(865,171)	(355,872)	(865,171)
Income deferred	389,872	762,055	389,872	762,055
As at 31 December 2019	875,444	841,443	875,444	841,443



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19 Creditors: Amounts falling due after one year

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Finance leases	17,414	24,851	17,414	24,851
Bank loan	57,908	290,554	57,908	290,554
	<u>75,322</u>	<u>315,405</u>	<u>75,322</u>	<u>315,405</u>

The Society entered into a loan agreement with Lloyds TSB Scotland in March 2011 borrowing £2 million repayable over 10 years at a fixed interest rate of 6.25%, this is secured against the land at 132 and 134 Corstorphine Road, Edinburgh. The interest rate on the loan has been fixed by entering into an interest rate swap to manage the interest rate risk. At the year end the swap was valued as a liability of £5,160 (2018: a liability of £14,738). The movement in the valuation has been processed through the SOFA.

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Bank loans are repayable as follows:				
Less than one year	232,233	223,512	232,233	223,512
Between one and two years	58,908	231,646	58,908	231,646
Between two and five years	-	58,908	-	58,908
In five years or more	-	-	-	-
	<u>291,141</u>	<u>514,066</u>	<u>291,141</u>	<u>514,066</u>

Financial commitments under finance leases and hire purchase contracts will result in the following payments.

	2019	2018
	£	£
Minimum lease payments under finance leases falling due:		
Within one year	7,437	7,437
Within 2-5 years	17,414	24,851
	<u>24,851</u>	<u>32,288</u>

20 Provision for other liabilities

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax	37,399	-	-	-
	<u>37,399</u>	<u>-</u>	<u>-</u>	<u>-</u>

20 Unrestricted funds

	As at 1 January 2019	Incoming resources	Other gains/(losses)	Pension	Resources expended	Transfer	As at 31 December 2019
	£	£	£	£	£	£	£
Group funds							
General reserve	8,456,497	17,607,487	504,179	-	(18,131,574)	10,240	8,446,829
Revaluation reserve	6,150,000	-	2,450,000	-	-	-	8,600,000
Pension reserve	(454,800)	(10,000)	-	49,800	189,600	-	(325,000)
Group funds	<u>14,151,697</u>	<u>17,597,487</u>	<u>2,954,179</u>	<u>49,800</u>	<u>17,941,974</u>	<u>10,240</u>	<u>16,721,829</u>

	As at 1 January 2019	Incoming resources	Other gains/(losses)	Pension	Resources expended	Transfer	As at 31 December 2019
	£	£	£	£	£	£	£
Charity funds							
General reserve	8,455,593	13,928,667	504,179	-	(14,452,753)	10,240	8,445,926
Revaluation reserve	6,150,000	-	2,450,000	-	-	-	8,600,000
Pension reserve	(454,800)	(10,000)	-	(49,800)	189,600	-	(325,000)
Charity funds	<u>14,150,793</u>	<u>13,918,667</u>	<u>2,954,179</u>	<u>(49,800)</u>	<u>(14,263,153)</u>	<u>10,240</u>	<u>16,720,926</u>

	As at 1 January 2018	Incoming resources	Other gains/(losses)	Pension	Resources expended	Transfer	As at 31 December 2018
	£	£	£	£	£	£	£
Group funds							
General reserve	8,140,815	17,614,008	(175,967)	-	(17,133,880)	11,521	8,456,497
Revaluation reserve	6,150,000	-	-	-	-	-	6,150,000
Pension reserve	(537,800)	(174,000)	-	67,000	190,000	-	(454,800)
Group funds	<u>13,753,015</u>	<u>13,950,249</u>	<u>330,440</u>	<u>90,000</u>	<u>(14,796,096)</u>	<u>-</u>	<u>14,151,697</u>

	As at 1 January 2018	Incoming resources	Other gains/(losses)	Pension	Resources expended	Transfer	As at 31 December 2018
	£	£	£	£	£	£	£
Charity funds							
General reserve	8,139,911	14,546,677	(175,967)	-	(14,066,549)	11,521	8,455,593
Revaluation reserve	6,150,000	-	-	-	-	-	6,150,000
Pension reserve	(537,800)	(174,000)	-	67,000	190,000	-	(454,800)
Charity funds	<u>13,752,111</u>	<u>12,527,255</u>	<u>330,440</u>	<u>90,000</u>	<u>(13,334,953)</u>	<u>-</u>	<u>14,150,793</u>

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21 Restricted funds

	As at 1 January 2019	Incoming resources	Resources expended	Transfers	As at 31 December 2019
	£	£	£	£	£
<b>Capital funds</b>	3,464,210	2,081,144 -	311,988	-	5,233,366
<b>Income funds</b>					
Beaver Reintroduction Project	(3,167)	4,147	(980)	-	-
Water Vole Fund	477	-	-	-	477
RZSS Conservation Fund	876	-	-	-	876
Scottish Wildcat Action	11,010	20,401	(12,211)	-	19,200
Scottish Wildcat	5,482	1,155	(2,534)	-	4,103
Budongo Conservation Field Station	108,662	77,039	(83,791)	-	101,910
ZEST	28,471	-	-	-	28,471
Giant Armadillo Project (Pantanal)	167,055	78,955	(88,438)	-	157,572
Tayside Beaver	4,616	-	(4,620)	-	4
Pallas Cat	23,149	7,010	(1,519)	-	28,640
Illegal Wildlife Trade	3,706	-	-	-	3,706
Education	3,652	39,698	(43,350)	-	0
HWP Education Fund	2,575	-	-	-	2,575
Accessible Zoo	4,500	-	-	-	4,500
Cambodian Genetic project	20,566	27,088	(36,654)	-	11,000
Inclusive Zoo	6,280	-	(274)	-	6,006
Cameroon frog and earthworm	5,000	-	-	-	5,000
Heart of the Zoo award	2,600	-	(685)	-	1,915
Native Invertebrates	6,131	-	-	-	6,131
Nubian Ibx	5,137	7,000	(6,580)	-	5,557
RZSS Animal fund	4,721	147	(366)	-	4,503
Science Specialist Confucius classroom	4,456	24,000	(25,897)	-	2,559
SWA4Life	-	969,150	(9,097)	-	960,053
Flapper Skate	-	2,589	(896)	-	1,693
BBR CryoArks	-	16,882	(5,307)	-	11,575
	415,954	1,275,261 -	323,199	-	1,368,018
	<b>3,880,164</b>	<b>3,356,405 -</b>	<b>635,187</b>	<b>-</b>	<b>6,601,383</b>
	As at 1 January 2018	Incoming resources	Resources expended	Transfers	As at 31 December 2018
<b>Capital funds</b>	3,187,386	590,215	(313,391)	-	3,464,210
<b>Income funds</b>					
Beaver Reintroduction Project	(5,904)	4,065	(1,328)	-	(3,167)
Water Vole Fund	477	-	-	-	477
RZSS Conservation Fund	629	1,481	(1,234)	-	876
Scottish Wildcat	6,246	37,421	(27,176)	-	16,491
Budongo Conservation Field Station	118,972	74,578	(84,888)	-	108,662
ZEST	29,596	-	(1,125)	-	28,471
Giant Armadillo Project (Pantanal)	118,965	48,090	-	-	167,055
Tayside Beaver	17,044	-	(12,428)	-	4,616
RSPB Beaver	1,684	-	(1,684)	-	-
Beaver Handbook	2,379	-	(2,379)	-	-
Pallas Cat	16,074	14,972	(7,897)	-	23,149
Illegal Wildlife Trade	23,706	-	(20,000)	-	3,706
Education	1,997	37,998	(36,343)	-	3,652
HWP Education Fund	5,610	-	(3,035)	-	2,575
Accessible Zoo	3,000	1,500	-	-	4,500
Cambodian Genetic project	13,283	47,207	(39,924)	-	20,566
Snow Monkey packs	-	682	(682)	-	-
Inclusive Zoo	6,280	-	-	-	6,280
Cameroon frog and earthworm	5,000	-	-	-	5,000
Heart of the Zoo award	-	3,000	(400)	-	2,600
Native Invertebrates	-	8,028	(1,897)	-	6,131
Nubian Ibx	-	7,000	(1,863)	-	5,137
RZSS Animal fund	-	5,546	(825)	-	4,720
Science Specialist Confucius classroom	-	10,000	(5,544)	-	4,456
	365,038	301,568 -	250,652	-	415,954
	<b>3,552,424</b>	<b>891,783</b>	<b>(564,043)</b>	<b>-</b>	<b>3,880,164</b>

## THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

### Notes to the Consolidated Financial Statements For the year ended 31 December 2019

#### 21 Restricted funds (continued)

The above fund balances at 31 December 2019 represent the net amounts available for restricted expenditure. More detail is given below for funds with significant balances.

##### Capital funds

The majority of capital funds have been invested in fixed assets, with depreciation being charged to the fund over the remaining life of the asset.

##### Income funds

**Beaver Reintroduction Project** - represents income received in partnership with the Scottish Wildlife Trust (SWT) to study the biology and ecological impact of the reintroduction of beavers to a trial site in Knapdale Scotland. The fund is in deficit pending the reimbursement of expenditure from SWT.

**Water Vole Fund** - represents funds held on behalf of a project in partnership with Scottish National Heritage, the Forestry Commission, Loch Lomond and the Trossachs National Park and RZSS for the reintroduction and monitoring of water voles.

**Scottish Wildcat Action** - represents funds donated by the public to the wildcat project that RZSS is involved in as part of the Scottish Wildcat Conservation Action Plan. Donations are shared with SNH.

**Scottish Wildcat** - represents grant funding from the Scottish Government for the Scottish Wildcat project

**Budongo Conservation Field Station** - represents funding from St Andrews University to support students going out to the Budongo Conservation Field Station (BCFS) in Uganda, and grants from the Arcus Foundation to fund conservation and research activities at the BCFS.

**ZEST** - represents funds received from the Robertson Trust and Bailie Gifford and Co to support The Zoo and Environment Skills Training programme (ZEST) being run with Scottish high schools to enable teenagers to gain employability and personal development skills while taking on work experience days in the zoo.

**Giant Armadillo Project** - represents funding received from Prince Bernhard Nature Fund, Amneville Zoo, CEPA, CERZA, Natural Research and Seaworld for the ecological study of the secretive giant armadillo in the Pantanal wetlands of Brazil.

**Tayside Beaver** - represents funds for an extended contract being undertaken for SNH.

**Pallas Cat** - represents funds held as a species support fund on behalf of the European Pallas Cat Breeding Programme.

**Illegal Wildlife Trade** - represents funding received from Trace Wildlife Forensic Network Ltd, the Balcombe Trust, the Worldwide Fund for Nature and Mr John Fitzgerald to support conservation projects in South East Asia.

**Education** - represents income from the City of Edinburgh Council, the Mickle Fund and the Cruden Foundation to support our Education programmes including; the Schools Programme, Summer School, Global Classrooms school conference, Edinburgh Science Festival programme, Zoo Explorers programme and the Wildlife Garden.

**HWP Education Fund** - represents funding from the Gordon and Ena Baxter Foundation and the Russell Trust to develop the education programme at the Highland Wildlife Park.

**Accessible Zoo** - represents funding from The Nancy Roberts Charitable Trust and The Catherine Cookson Charitable Trust to support a project to make physical adaptations onsite and equip and train staff in order that Edinburgh Zoo is accessible to all regardless of ability.

**Cambodian Genetics project** - represents grant funding from Flora and Fauna International to develop the capacity of the Royal University of Phnom Penh's Conservation Genetics lab to deliver in-country genetics support for the conservation of threatened species in Cambodia.

**Inclusive Zoo** - represents funding from the Cruden Foundation and Castansa Trust to support a project to encourage children and young people from special schools to participate in the Edinburgh Zoo education programme.

**Cameroon Frog and Earthworm project** - represents grant funding from BIAZA to support the conservation of two critically endangered frogs species and one endemic earthworm in the grasslands of Cameroon.

**Heart of the Zoo Awards** - represents donations received from the family and friends of Rob Ollason, a former employee, to fund an annual award to recognise RZSS staff who in the view of their colleagues have shown the most consistent commitment to working to support the values of the Society and its mission statement.

**Native Invertebrates** - represents funding from the Craignish Trust to support the conservation of endangered native invertebrates by rebuilding populations at sites in Scotland where the species have lived in the past.

**Nubian Ibex project** - represents grant funding from the Government of Oman to support a PhD student to undertake genetic monitoring of the Nubian Ibex.

**RZSS Animal Fund** - represents donations received on World Rhino Day to support the animal husbandry of the rhinos at Edinburgh Zoo and an immemorial donation in support of the animal husbandry of penguins at Edinburgh Zoo.

**Science Specialist Confucius Classroom** - represents grant funding from the Confucius Institute for Scottish Schools to support the set up and launch of a Confucius Classroom.

**SWA4Life** - represents grant funding from the European Commission Executive Agency for Small and Medium sized Enterprises to fund the SWA4Life project aimed at supporting wildcat recovery through threat mitigation and translocation.

**BBR CryoArks** - represents grant funding from National Museums Scotland to allow us to hold a frozen collection of non model and endangered animal taxa in our biobank facility at Edinburgh Zoo.

**Flapper Skate** - represents grant funding from the American Association of Zoo Veterinarians to fund an investigation into the physiological responses of flapperskate to capture and surgical implantation of acoustic tags in Scotland.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

22 Endowment fund

	As at 1 January 2019	Realised /unrealised gains/(losses)	Investment income	Resources expended	Transfer to unrestricted funds	As at 31 December 2019
	£	£	£	£	£	£
J W Gibb Fund	412,776	84,097	10,240	(2,699)	(10,240)	494,174

The above fund is to support the maintenance and upkeep of animals, consistent with our objectives.

23 Analysis of reserves between net assets

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £
Fixed assets	15,198,638	5,233,366	-	20,432,004
Investments	2,908,484	-	494,174	3,402,658
Net current assets	(947,573)	1,368,018	-	420,445
Long term liabilities	(75,322)	-	-	(75,322)
Pension deficit	(325,000)	-	-	(325,000)
	<u>18,444,637</u>	<u>6,601,385</u>	<u>494,174</u>	<u>23,854,786</u>

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2018 £
Fixed assets	12,325,375	3,464,210	-	15,789,585
Investments	2,920,894	-	412,776	3,333,670
Net current assets	(324,367)	415,954	-	91,587
Long term liabilities	(315,405)	-	-	(315,405)
Pension deficit	(454,800)	-	-	(454,800)
	<u>14,151,697</u>	<u>3,880,164</u>	<u>412,776</u>	<u>18,444,637</u>

Charity	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £
Fixed assets	14,986,748	5,233,366	-	20,220,114
Investments	2,908,486	-	494,174	3,402,660
Net current assets	(773,988)	1,368,018	-	594,031
Long term liabilities	(75,322)	-	-	(75,322)
Pension deficit	(325,000)	-	-	(325,000)
	<u>18,443,733</u>	<u>6,601,385</u>	<u>494,174</u>	<u>23,816,483</u>

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2018 £
Fixed assets	12,055,346	3,464,210	-	15,519,556
Investments	2,920,896	-	412,776	3,333,672
Net current assets	(55,244)	415,954	-	360,710
Long term liabilities	(315,405)	-	-	(315,405)
Pension deficit	(454,800)	-	-	(454,800)
	<u>14,150,793</u>	<u>3,880,164</u>	<u>412,776</u>	<u>18,443,733</u>

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

24 Net cash (outflow)/inflow from operating activities

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Net income/(expenditure) for the reporting period as per the statement of financial activity	2,972,549	623,515	2,972,550	623,515
Depreciation charges	1,324,992	1,355,060	1,262,507	1,294,239
(Gain)/loss on investments	(588,276)	208,430	(588,276)	208,430
(Increase)/Decrease in Stock	(108,339)	(24,116)	(17,116)	4,454
(Increase)/Decrease in Debtors	(212,956)	(262,331)	(334,318)	(123,455)
Increase/(Decrease) in Creditors	(58,372)	27,815	(105,180)	25,626
Investment Income	(638,129)	(438,711)	(1,598,189)	(1,329,228)
Interest paid	17,464	23,884	17,464	23,884
Increase/(Decrease) in deferred tax provision	37,399	0	0	0
Cash movements in pension scheme	(179,600)	(16,000)	(179,600)	(16,000)
Gain on disposal of tangible fixed assets	(400)	(400)	(400)	(400)
Net cash inflow/(outflow)	2,566,330	1,497,146	1,429,443	711,065

25 Analysis of changes in net debt during the year

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
As at 1 January 2019	647,013	506,558	496,564	239,777
Net cash inflow/(outflow)	238,038	140,455	65,555	256,787
As at 31 December 2019	885,051	647,013	562,119	496,564

	Group		Charity			
	As at 1 January 2019 £	Cashflows £	As at 31 December 2019 £	As at 1 January 2019 £	Cashflows £	As at 31 December 2019 £
Cash held as part of the investment portfolio (note 15)	86,563	48,764	135,327	86,563	48,764	135,327
Cash at bank and in hand	1,106,804	(41,088)	1,065,716	956,355	(213,571)	742,784
Loan	(514,066)	222,925	(291,141)	(514,066)	222,925	(291,141)
Finance Leases	(32,288)	7,437	(24,851)	(32,288)	7,437	(24,851)
	647,013	238,038	885,051	496,564	65,555	562,119

26 Reconciliation of net cash flow to movement in net debt

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Increase in cash in the period	7,676	(58,309)	(164,807)	58,022
Cash outflow from debt financing	230,362	198,764	230,362	198,765
Change in debt resulting from cash flows	238,038	140,455	65,555	256,787
Net debt at the beginning of the period	647,013	506,558	496,564	239,777
Net funds/(debt) at the end of the period	885,051	647,013	562,119	496,564

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27 Defined benefit pension scheme

	As at 1 January 2019 £	Provided £	Released £	As at 31 December 2019 £
Group & Charity				
Total pension deficit	454,800	(129,800)	-	325,000

At 31 December 2019 the Society owed the defined benefit pension scheme £0 (2018: £0) in relation to employer's contributions.

Information about the characteristics of the fund

The Fund provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at the date of leaving and their length of service. The fund closed to future accrual on 30 September 2008. The fund is a registered scheme under UK legislation and is subject to the scheme funding requirements. The fund is governed by the fund's trust deeds and rules dated 29 April 1970. The Trustee is responsible for the operation and governance of the fund, including making decisions regarding the fund's funding and investment strategy in conjunction with the Society.

Information about the risks of the fund to the Society

The fund exposes the Society to actuarial risks such as; market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk. The fund does not expose the Society to any unusual fund specific or Society specific risks.

Information about the valuation of the defined benefit obligation at the accounting date

The most recent formal actuarial valuation of the fund was at 1 April 2018. The liabilities at the reporting date have been calculated by updating the results of the formal actuarial valuation of the fund for the assumptions detailed in these disclosures. Allowance has been made for expected mortality over the period, as well as actual movement in financial conditions since the valuation date. Such an approach is normal for the purposes of accounting disclosures. It is not expected that these projections will be materially different from a summation of individual calculations at the accounting date, although there may be some discrepancy between the actual liabilities for the fund at the accounting date and those included in the disclosures.

Information about the most recent actuarial valuation and expected future cashflows to and from the fund

The valuation as at 1 April 2018 revealed a funding deficit of £3,087,000. In the Recovery Plan dated 5 February 2019 the Society agreed to pay contributions with a view to eliminating the shortfall by 1 September 2027. In accordance with the Schedule of Contributions dated 5 February 2019 the Society is expected to pay contributions of £189,600 over the next accounting period. The contributions paid by the Society are reviewed every 3 years as part of each formal actuarial valuation. The Funds next actuarial valuation is due at 1 April 2021. In addition the Society is expected to meet the cost of administrative expenses (including PPF levies) for the Fund. The Society has granted the Fund a standard security over the Mansion House at 134 Corstorphine Road, Edinburgh. The liabilities of the fund are based on the current value of the expected benefit payment cashflows to members approximately over the next 70 years. The average duration of the liabilities is approximately 23 years.

The Fund's investment strategy

The Fund's investment strategy is to invest broadly 80% in return seeking assets and 20% in matching assets. This strategy reflects the Fund's liability profile and the Trustee's and Society's attitude to risk. The Funds investments include interest rate and inflation hedging to the extent that they reflect the Funds liability profile. The Fund currently has a strategy in place for derisking their investments as the funding position improves. The fund holds a number of annuity policies which match a portion of the pensions in payment.

The major assumptions used by the actuary were (in normal terms) as follows:

	As at 31 December 2019 %	As at 31 December 2018 %
Discount rate	2.05	2.80
Inflation assumption (RPI)	3.00	3.20
Inflation assumption (CPI)	2.00	2.20
LPI pension increase	2.05	2.20
Cash commutation	100% take max	100% take max

Assumed life expectancies on retirement at age 65 are:

	As at 31 December 2019 %	As at 31 December 2018 %
Retiring today - Males	21.80	21.90
Retiring today - Females	24.00	23.80
Retiring in 20 years time - Males	23.10	23.30
Retiring in 20 years time - Females	25.50	25.40

The assets in the scheme were:

	As at 31 December 2019 £000	As at 31 December 2018 £000
Equities	6,350	5,614
Bonds	1,638	1,480
Cash	129	118
Insured Pensioners	679	686
Fair value of scheme assets	8,796	7,898

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**27 Defined benefit pension scheme (continued)**

The actual return on assets over the period was:	887	(490)
Present value of funding obligations	9,121	8,353
Fair value of scheme assets	8,796	7,898
Surplus/(Deficit) in funded scheme	(325)	(455)
Present value of unfunded obligations	-	-
Unrecognised actuarial gains (losses)	-	-
Adjustment in respect of asset ceiling and minimum funding requirement	-	-
Net liability in balance sheet	325	455

	As at 31 December 2019 £000	As at 31 December 2018 £000
Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Benefit obligation at beginning of year	8,353	8,884
Interest cost	232	211
Actuarial (gain)/losses	715	(758)
Benefits paid	(179)	(148)
Past service cost	-	164
Benefit obligation at end of period	9,121	8,353

	As at 31 December 2019 £000	As at 31 December 2018 £000
Reconciliation of opening and closing balances of the fair value of fund assets.		
Fair value of scheme assets at beginning of year	7,898	8,346
Interest income on fund assets	221	201
Return on assets, excluding interest income	666	(691)
Contributions by employers	190	190
Benefits paid	(179)	(148)
Fair value of fund assets at end of year	8,796	7,898

The amount recognised in the Statement of Financial Activity:

	2019 £000	2018 £000
Service cost -including current and past service costs and settlements	-	164
Net interest on the net defined liability	10	10
	10	174

Remeasurement of the net defined benefit liability/(asset) to be shown in the Statement of Financial Activity.

	2019 £000	2018 £000
Actuarial (gain)/losses on the liabilities	715	(758)
Return on assets, excluding interest income	(666)	691
Total measurement of the defined benefit liability (asset) to be shown in the Statement of Financial Activity	49	(67)

Sensitivity analysis

A sensitivity analysis of the principal assumptions used to measure the scheme liabilities

	assumption	2019 £000	2018 £000
Discount rate	Increase by 0.25%	Decrease by £375,000	Decrease by £337,000
Rate of inflation (RPI)	Increase by 0.25%	Increase by £279,000	Increase by £251,000
Assumed life expectancy at age 65	Increase by 1 year	Increase by £274,000	Increase by £251,000

Extrapolation of the sensitivity analysis beyond the ranges shown may not be appropriate

Estimation of next period's profit or loss

	2020 £000	2019 £000
Service cost - including current and past service costs and settlements	-	-
Service costs - administrative cost	-	-
Net interest on the net defined benefit liability	5	10
	5	10

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#### 28 Guarantees and other financial commitments

The group's minimum operating lease payments are as follows:

	Group		Charity	
	2019 Total	2018 Total	2019 Total	2018 Total
	£	£	£	£
Within one year	57,562	63,580	55,806	59,394
Within 2-5 years	37,467	77,538	37,467	76,728
	<u>95,029</u>	<u>141,118</u>	<u>93,273</u>	<u>136,122</u>

Operating lease payments of £118,484 were paid in the year (2018: £132,341).

A ten year agreement (from December 2011 to December 2021) regarding the Giant Pandas requires a protection funding payment of \$1m to be paid annually to the China Wildlife Conservation Association. The last payment will be made in June 2021.

The Society entered into a contract for the construction of a giraffe enclosure and paddock at Edinburgh Zoo in September 2019. At 31 December 2019 the outstanding commitment was £1,242,494. Construction will be completed in Q2 2020.

#### 29 Operating leases

The group holds surplus land at Edinburgh Zoo as an investment property as disclosed in note 14 which is let to a third party. This non cancellable lease has a remaining term of 52 years

	Group		Charity	
	2019 Total	2018 Total	2019 Total	2018 Total
	£	£	£	£
Future minimum rentals receivable under non-cancellable operating leases are as follows:				
Not later than one year	550,000	326,500	550,000	326,500
After one year but not more than five years	2,200,000	1,306,000	2,200,000	1,306,000
After five years	24,887,500	15,100,625	24,887,500	15,100,625
	<u>27,637,500</u>	<u>16,733,125</u>	<u>27,637,500</u>	<u>16,733,125</u>

#### 30 Financial Instruments

	Group		Charity	
	2019 Total	2018 Total	2019 Total	2018 Total
	£	£	£	£
<b>Financial assets</b>				
Measured at fair value through the profit and loss account	3,402,658	3,333,670	3,402,658	3,333,670
<b>Financial liabilities</b>				
Measured at fair value through the profit and loss account	325,000	454,800	325,000	454,800

Financial assets measured at fair value through the statement of financial activities are listed investments. Financial liabilities measured at fair value through the statement of financial activities is defined benefit pension scheme liability.

#### 31 Ark Enterprises Limited

The retail and catering businesses at Edinburgh Zoo and the Highland Wildlife Park are carried out by the Society's wholly owned subsidiary company, Ark Enterprises Limited (SC 121528), which is incorporated in the United Kingdom.

The turnover and net contribution to the Society from this company was

	2019 £	2018 £
Turnover	4,889,754	4,249,116
Raw materials and consumables	<u>(3,125,606)</u>	<u>(2,507,241)</u>
Gross profit	1,764,148	1,741,875
Staff costs	(376,381)	(423,611)
Other operating charges	(371,388)	(427,747)
Tax on profit	(56,319)	-
Net profit for the year before gift aid donation	<u>960,060</u>	<u>890,517</u>
Gift aid donation to the Society	(960,060)	(890,517)
Shareholders' funds	<u>900</u>	<u>900</u>

The company donates all of its net distributable taxable profits to the Society under the gift aid scheme on an annual basis.



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**32 Related party transactions**

Ark Enterprise Ltd is RZSS's wholly owned subsidiary. Management charges of £250,874 (2018:£291,267), charitable donations of £960,060 (2018: £890,517) and staff costs recharged of £376,381 (2018: £423,611) were received in the year. There was a debtor due from the subsidiary of £828,722 (2018: £625,213) at the year end.

During the year the Society spent £9,450 on an annual membership of the Scottish Environmental Link, an organisation whose Trustees include Deborah Long.

During the year the daughter of Alan Miller was employed by the Society.

**33 Contingent asset**

As at 31 December the Society had been notified of a legacy but the value of the legacy was uncertain as the executor was waiting for a property to be sold. The legacy has therefore not been accrued. It is estimated that the value of the legacy will exceed £100,000.

**33 Ultimate controlling party**

The charity is controlled by the Trustees.

**34 Events after the reporting date**

The Coronavirus pandemic post year has presented new challenges and risks to the business but in view of the substantial uncertainty related to the magnitude and duration, it is impossible to predict the impact of Coronavirus pandemic on its markets and activities. The Coronavirus pandemic is considered a non-adjusting subsequent event.